

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4897-02
Bill No.: HCS for HB 1198
Subject: Construction and Building Codes; Labor and Industrial Relations Dept.; Salaries;
Employees-Employers
Type: Original
Date: February 8, 2012

Bill Summary: This proposal changes the laws regarding prevailing wages.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Conservation, Department of Labor and Industrial Relations, Metropolitan Community College, Missouri Department of Transportation, Missouri Western State University, Northwest Missouri State University, Office of Administration, Parkway School District, St. Louis County, University of Missouri** and the **University of Central Missouri** assume there is no fiscal impact from this proposal.

Officials at the **Linn State Technical College** and **Missouri Southern State University** assume an unknown fiscal impact.

Officials at the **City of Kansas City** assume if bids on public works projects including the proposed areas of deletion from the requirement reflect a lower cost of labor, then some savings may be experienced by the City. The savings would be greater than the loss of tax revenue that would have been returned to the City by employees who were paid less than what is currently earned on public works projects.

Officials at the **Missouri State University** assume approximately \$60,000 would be saved on an annual basis.

Officials at the **Mexico School District** state it has been the experience of the School District that prevailing wage costs between 7% to 13% over and above what can be bid on the open market.

Officials at the **Platte County Public Works Department** assume that political subdivisions that contract out the restoration, resurfacing and other repair work on streets would incur significant costs. The annual impact on the city could be \$250,000 annually.

Oversight did not receive sufficient fiscal impact responses from political subdivisions to determine accurately whether political subdivisions would experience increased costs from this proposal; therefore Oversight will not reflect an impact in the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2013
(10 Mo.)

FY 2014

FY 2015

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small businesses could be impacted by changing the prevailing wage laws.

FISCAL DESCRIPTION

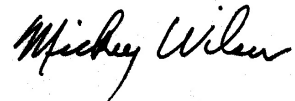
The proposed legislation appears to have no fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

City of Kansas City
Department of Conservation
Department of Labor and Industrial Relations
Linn State Technical College
Metropolitan Community College
Missouri Department of Transportation
Mexico School District
Missouri Southern State University
Missouri State University
Missouri Western State University
Northwest Missouri State University
Office of Administration
Parkway School District
Platte County Public Works Department
St. Louis County
University of Central Missouri
University of Missouri

L.R. No. 4897-02
Bill No. HCS for HB 1198
Page 5 of 5
February 8, 2012

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 8, 2012

JH:LR:OD